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August 3, 2012

General Jack Hagan, Director
Consumer Protection and Safety Division
California Public Utilities Commission
505 Van Ness Avenue, Room 2205
San Francisco, CA 94102-3298

Re: CPUC Resolution ALJ-274 Self-Identified Non-Compliance Notification
Inadequate Leak Survey Record Retention for Various Locations, San Mateo
County

Dear General Hagan:

Pursuant to Resolution ALJ-274, PG&E is providing notification of a self-identified non-compliance issue regarding not following procedures for record retention of leak survey records. The non-compliance occurred at various locations in San Mateo County.

A recent review of the 2011 annual distribution leak survey records for business districts in 11 cities in PG&E's Peninsula Division discovered that 48 completed leak survey maps were missing from the division mapping office. The annual leak survey of these business districts was completed and documented in November and December 2011, within 15 months of the prior leak survey in compliance with 49 CFR §192.723(b)(1) and General Order 112-E paragraph 143.1. PG&E bases its conclusion that the leak surveys were performed as scheduled on the missing leak survey maps being logged as completed and filed by the Peninsula Division Mapping Department. Additional evidence of the completion of the leak surveys includes leaks discovered by leak survey and logged on the dates and locations where the leak surveys occurred, and supervisory data in the EZ-Tech cell phone software, which registers the locations of leak survey personnel as they conduct leak surveys. This software utilizes cellular Global Positioning System technology to track coordinates of leaks as they are found as well as the progression of leak survey personnel as they conduct the leak surveys.

Nevertheless, to ensure compliance, PG&E initiated a leak survey of the business districts on the 49 maps. The leak surveys have been completed as of August 3, 2012, with the exception of [Redacted]. Three Grade 1 leaks and seven Grade 2 leaks have been discovered. The three Grade 1 leaks were immediately repaired and the seven Grade 2 leaks will be scheduled for repair. The leak surveys within the [Redacted] will be completed during the

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week of August 6, 2012. PG&E will report the results of all the completed leak surveys to the Consumer Protection and Safety Division.

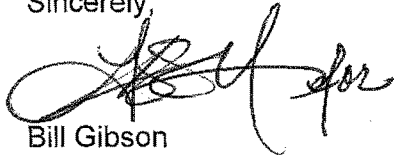
PG&E is continuing its search for these completed leak survey maps. However, absent the retention of these leak survey maps, PG&E is not in compliance with Utility Standard S4110, "Leak Survey and Repair of Gas Transmission and Distribution Facilities." S4110, Attachment 1, Leak Survey, Special Leak Survey, and Repair Document Retention Requirements paragraph 1B states, "For all other lines, the leak survey records (e.g., plats, log books) shall be kept for the latest and immediately preceding survey, plus 3 years."

PG&E will be revising its procedures for the retention of leak survey documentation to include a centralized and digitized leak survey records repository. These revised procedures are expected to be implemented by the end of 2012.

PG&E will notify the local authorities for the 11 affected cities and the County of San Mateo of this issue and will provide confirmation of notification as a supplement to this letter.

Please contact Redacted for any additional questions you may have regarding this notification.

Sincerely,



Bill Gibson
Director, Regulatory Compliance and Support

cc: Julie Halligan, CPUC
Dennis Lee, CPUC
Mike Robertson, CPUC
Sunil Shori, CPUC

Redacted
Shilpa Ramaiya, PG&E
Frances Yee, PG&E